

DOWNTOWN AUSTIN PLAN

DOWNTOWN DENSITY BONUS PROGRAM and DOWNTOWN AFFORDABLE HOUSING STRATEGY

CITY COUNCIL BRIEFING
23 JULY 2009



Background

Downtown Austin Plan - Structure

PHASE ONE

“Issues and Opportunities” Report (2/08)

Downtown Urban Rail Connections Report (7/08)

Downtown Transportation Framework Plan (11/08)

Downtown Affordable Housing Strategy (7/09)

Downtown Density Bonus Program (7/09)

Background

Downtown Austin Plan - Structure

The Downtown Austin Plan

Land Use and
Urban Design

Creative
Culture

District Goals
and Priorities

Parks & Open
Space Master
Plan

Transportation
Framework
Plan

District Plans:
NW and
Core/Squares
Districts

Infrastructure
Improvement
Strategy

Implementation

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Background

December 2005 -- City Council initiated the Downtown Austin Plan, including:

- Land use ordinance modernizations -- including FAR and height standards, and procedures for modifying where appropriate.
- Identifying strategies and best practices for affordable work force housing in the downtown area.

June 2006 – City Council directed the creation of an Affordable Housing Incentives Task Force (AHITF).

September 2006 – City Council directed the City Manager to work with the Design Commission to update the Downtown Design Guidelines, including recommendations for Density Bonuses.

Background

May 2007 – Affordable Housing Incentives Task Force presented its report to Council.

June 2007 – City Council directed the Downtown Austin Plan to evaluate the AHITF recommendations for density bonuses.

November 2007 – Design Commission's Density Bonus Task Force presented its recommendations to Council.

December 2007 -- City Council:

- Adopted the recommendations of these Task Forces as the basis for development of an interim Downtown density bonus program.
- Directed City Manager to begin development of an interim Downtown density bonus program.
- Directed City Manager to incorporate recommendations into the Downtown Austin Plan.

Background

January 2008 -- City Council approved an ordinance creating the interim Downtown Density Bonus Program.

March 2008 -- City Council authorized an amendment to the scope of services agreement with ROMA to develop a Downtown Affordable Housing Strategy and a Downtown Density Bonus Program.

Background

STUDY PROCESS

- Building form and urban design analysis
- Economic modeling
- Stakeholder meetings (with both Downtown district stakeholders and others)
- Town Hall and Joint Commission meetings to present draft recommendations and solicit feedback
- Town Hall meeting to present revisions based on public input
- Council briefing

SUMMARY OF PUBLIC INPUT PROCESS

- Three Town Hall/Joint Commission Meetings: 150-200 participants
- Approximately 20 stakeholder meetings: approx. 200 participants
- On-line survey re district priorities
- Staff presentations/Q&A at Board and Commission meetings

DOWNTOWN AUSTIN PLAN - PHASE ONE

DOWNTOWN DENSITY BONUS PROGRAM



PRESENTATION TO CITY COUNCIL
23 JULY 2009

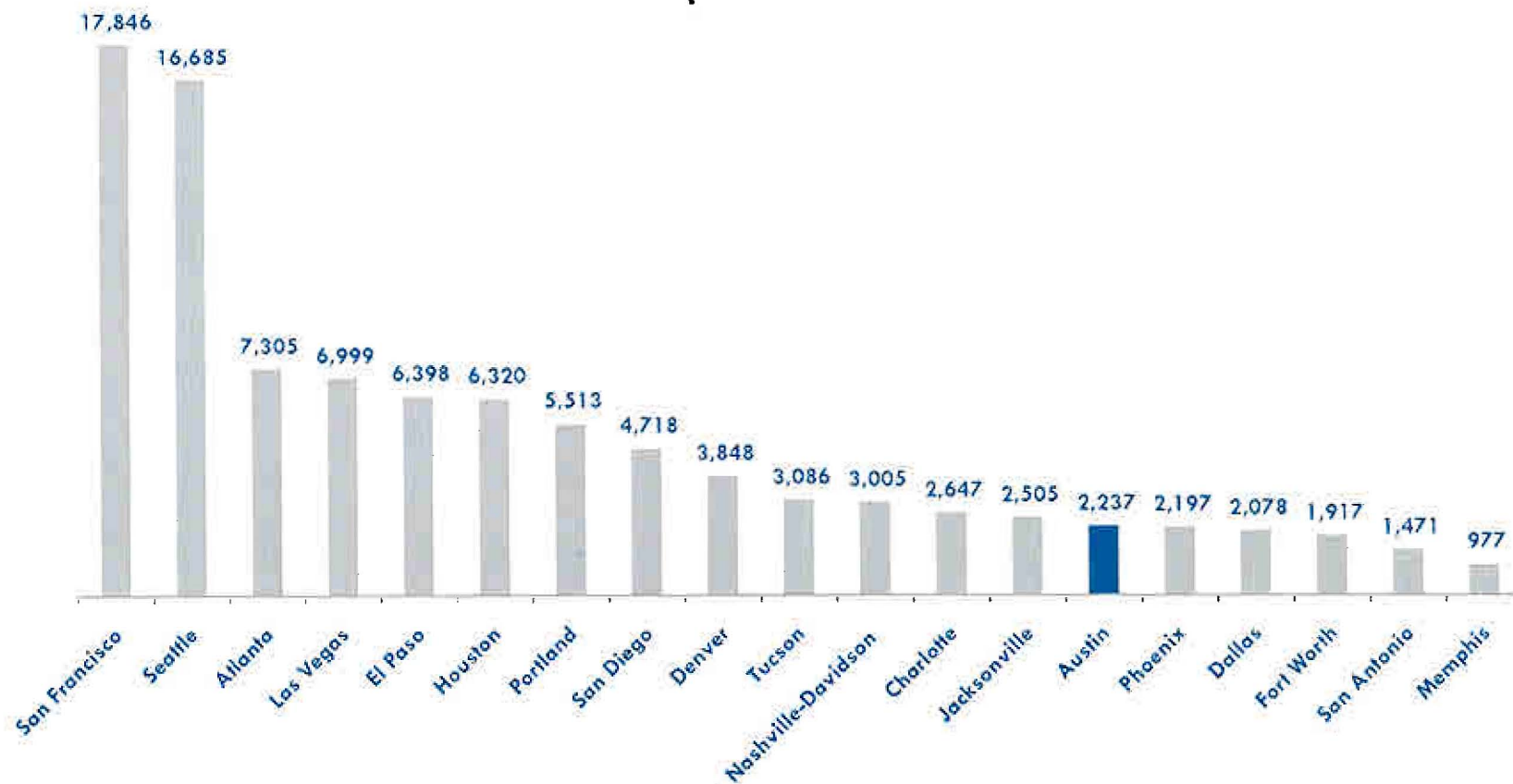
DOWNTOWN IS WHERE WE WANT DENSITY

- Most Sustainable Use of Land and Resources
- Cost Efficient Use of Infrastructure
- Healthy and Vibrant Diversity of Activity
- A Significant Contribution to the Tax Rolls

Downtown Density Bonus Program

DOWNTOWN IS WHERE WE WANT DENSITY

Downtown Population per Square Mile

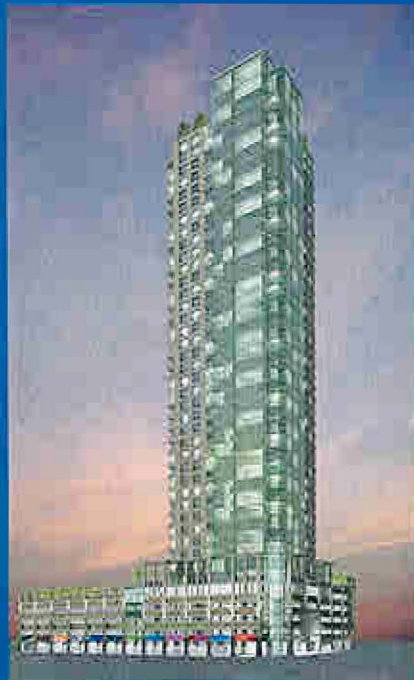


Downtown Austin has not achieved optimal density.

Downtown Density Bonus Program

ADDITIONAL DENSITY IS SUPPORTABLE IN MANY PARTS OF THE DOWNTOWN

- High-density residential development is occurring in excess of the 8.0 FAR allowed in the CBD.



Spring = 11.0 FAR



"360" = 9.4 FAR



Austonian = 22.4 FAR

Downtown Density Bonus Program

ADDITIONAL DENSITY IS SUPPORTABLE IN MANY PARTS OF THE DOWNTOWN

- Office and hotel development has not achieved the same levels of density.



Frost Bank = 8.0 FAR



Hilton = 10.0 FAR



Carr America = 6.4 FAR

A DENSITY BONUS PROGRAM IS AN INCENTIVE-BASED TOOL

- Providing for additional density in return for specified community benefits
- It is most effective in mature urban areas where there is strong development pressure
- To be successful, bonuses must result in clear benefits to ***both*** the community and the developer

GOALS

A DENSITY BONUS PROGRAM THAT:

- Is Predictable and Transparent
- Based on Economic Conditions
- Supports Continued Healthy Growth; and
- Results in Clear Community Benefits

THREE ELEMENTS OF THE STUDY PROCESS

Urban Design Testing:

- Nine prototypical sites

Financial Modeling:

- Economic pro-forma analysis

Stakeholder Input:

- Focus groups
- 2 Town Hall meetings



BASE = 8.0 FAR



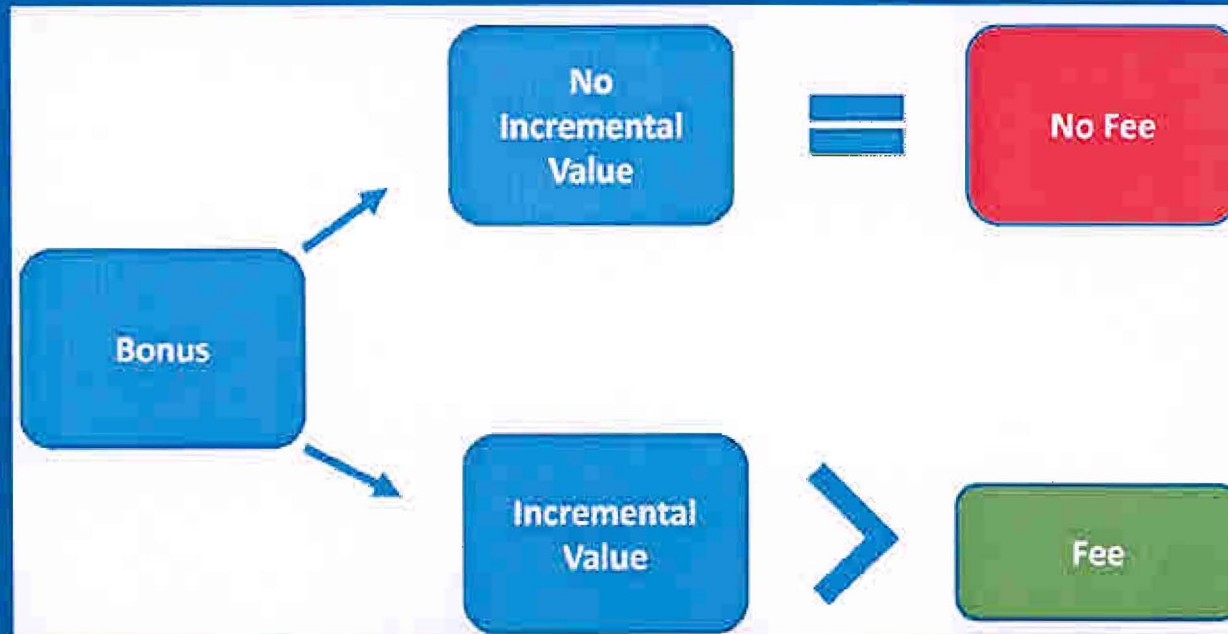
BONUS TO 25.0 FAR

Downtown Density Bonus Program

SIX FOUNDATION PRINCIPLES:

1. Density should be encouraged, not penalized.

Developers should have an economic incentive to use the program.

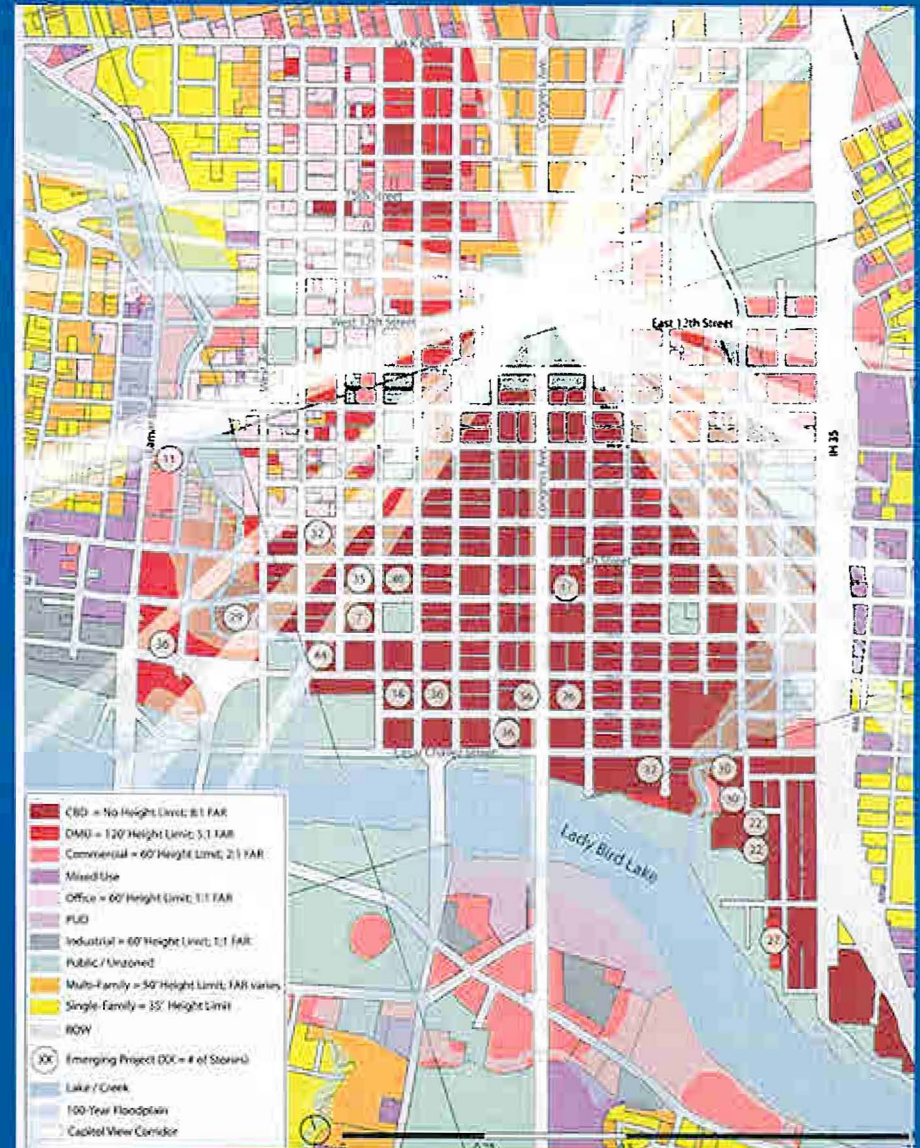


Downtown Density Bonus Program

SIX FOUNDATION PRINCIPLES:

- Existing zoning heights and densities should be the base for the density bonus program.

This will promote a stable and predictable real estate market.

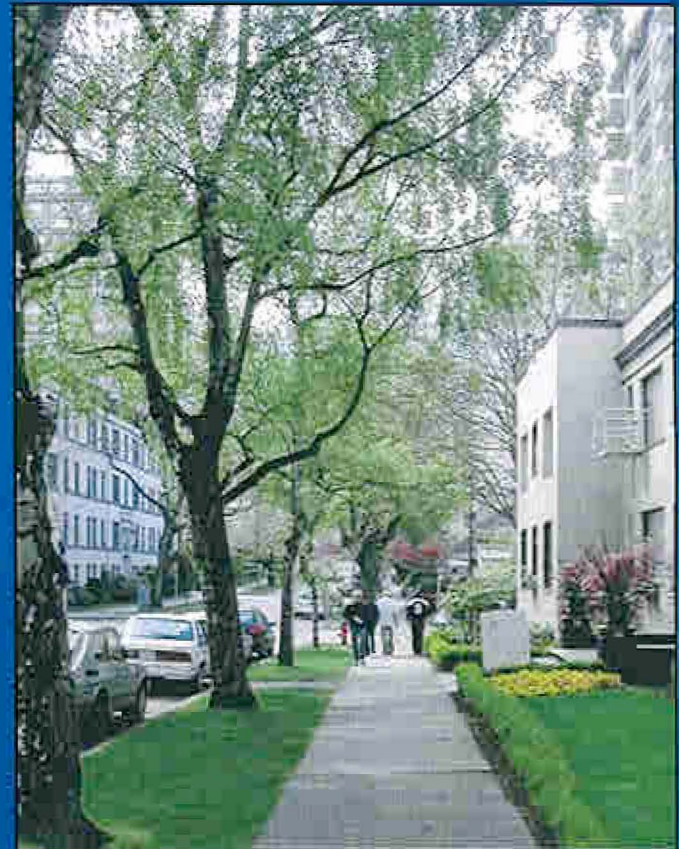


SIX FOUNDATION PRINCIPLES:

3. High quality urban design should be required of all development.

The Density Bonus should be subject to Urban Design Guidelines prior to adoption of the Downtown Austin Plan, and . . .

Ultimately, subject to the form-based standards of the Downtown Austin Plan.

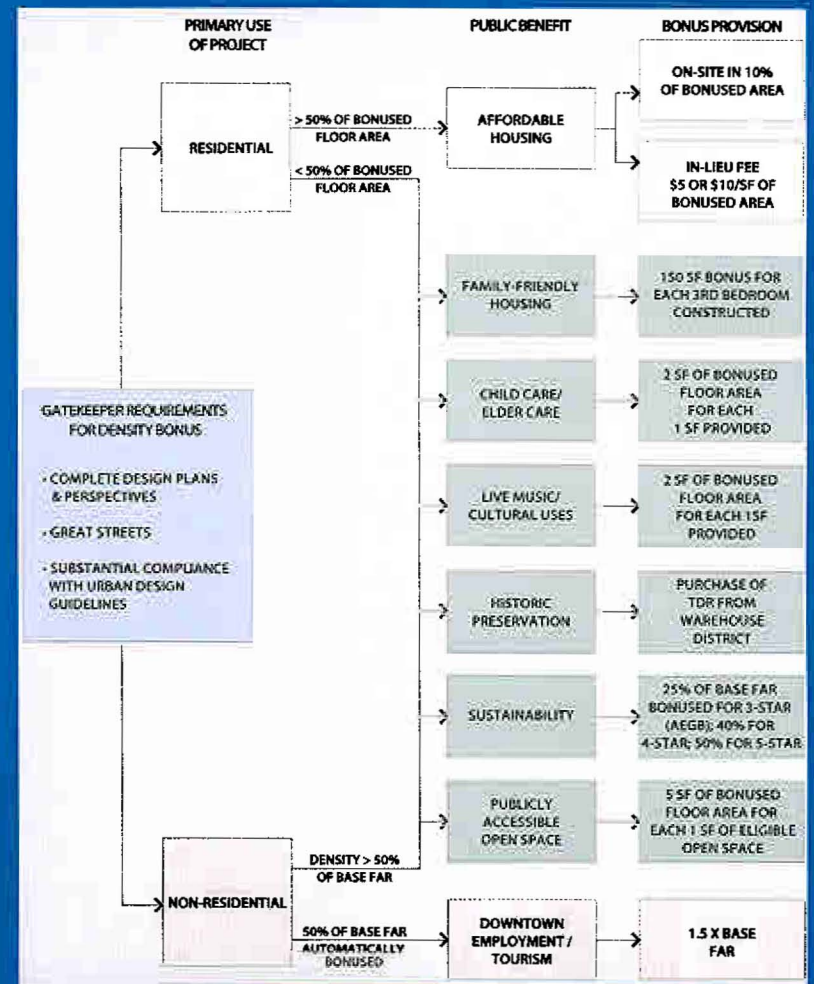


Downtown Density Bonus Program

SIX FOUNDATION PRINCIPLES:

- There should be only one, administrative and predictable pathway to a density bonus.

Use of the CURE rezoning process to increase density and/or height should be replaced with the new program.



Downtown Density Bonus Program

SIX FOUNDATION PRINCIPLES:

5. Additional density should be allowed only where appropriate and compatible.

Portions of the Downtown can support additional density.

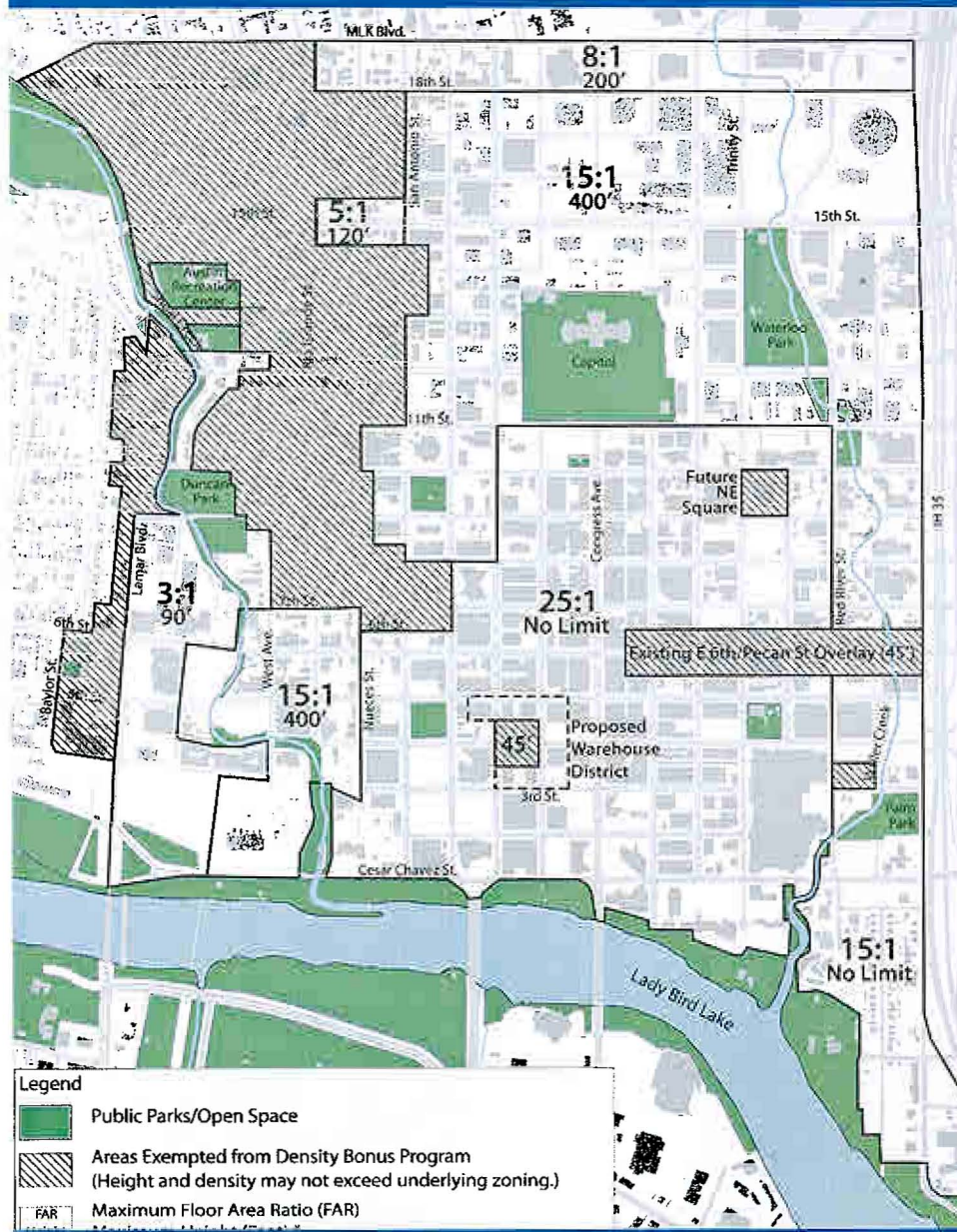
Some areas are in danger of losing their unique character and should be exempt from the density bonus program.



Northwest District

Downtown Density Bonus Program

PROPOSED MAXIMUM DENSITIES AND HEIGHTS



Areas Exempt from Density Bonus Program:

- Judges Hill Neighborhood and vicinity
- All properties west of Lamar
- Portions of Northwest and Uptown Districts
- Bremond Block and vicinity
- East Sixth Street National Register Historic District
- Waterloo Compound
- Warehouse District – Core Preservation Zone

SIX FOUNDATION PRINCIPLES:

6. Community benefits derived from density bonuses should focus on the most “at-risk” elements.

- Affordable housing
- Climate change
- Historic resources
- Cultural vitality
- Open space



KEY ECONOMIC FINDINGS:

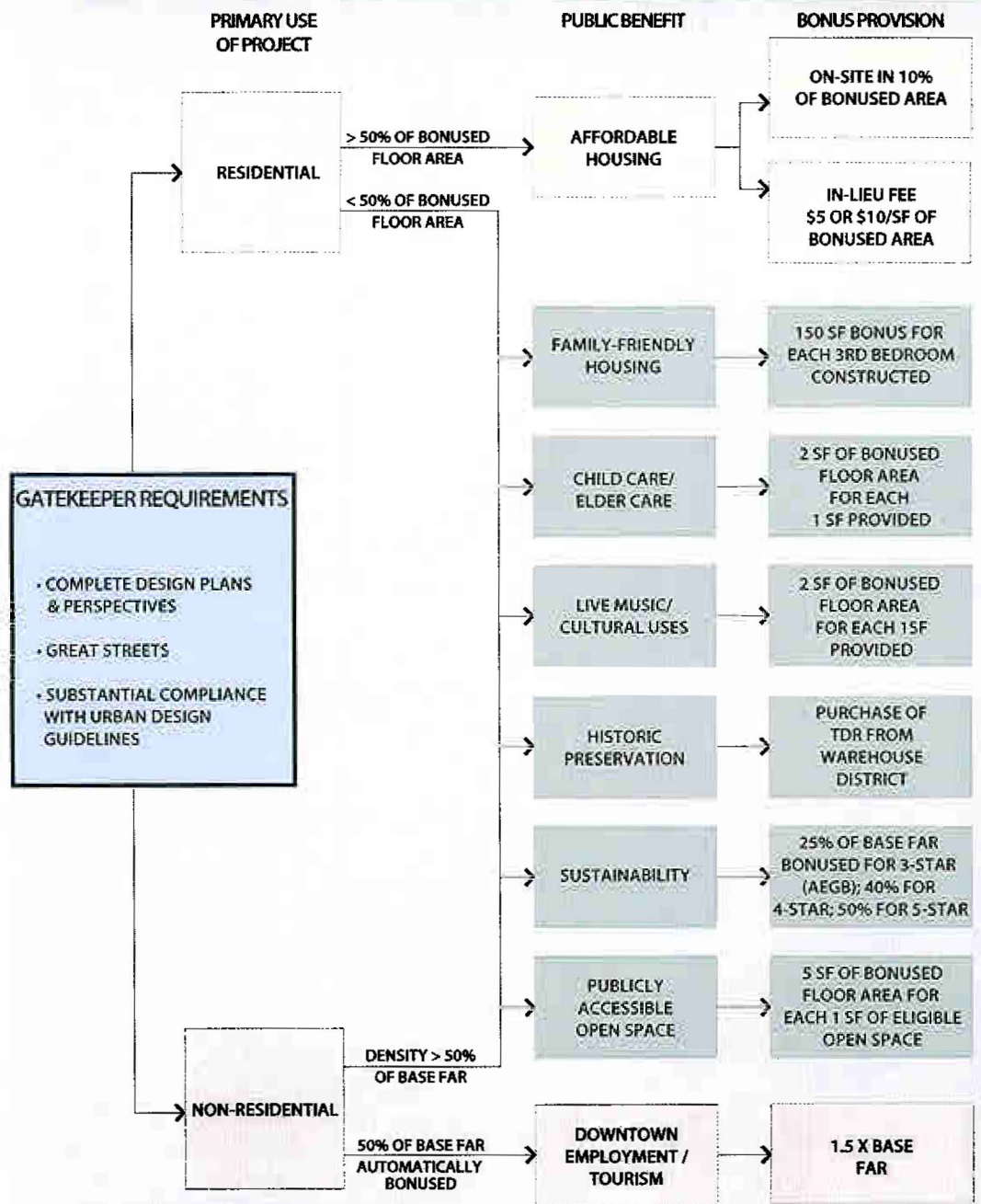
Residential Development:

- A density bonus provides sufficient value to support a public benefit fee.
- *\$10/sf of bonused floor area in the Core, Waterfront, Rainey, and Lower Shoal Creek Districts; and*
- *\$5/sf in other parts of Downtown.*

Commercial Development:

- *Additional density does not produce sufficiently higher returns to justify charging a public benefit fee.*

Downtown Density Bonus Program

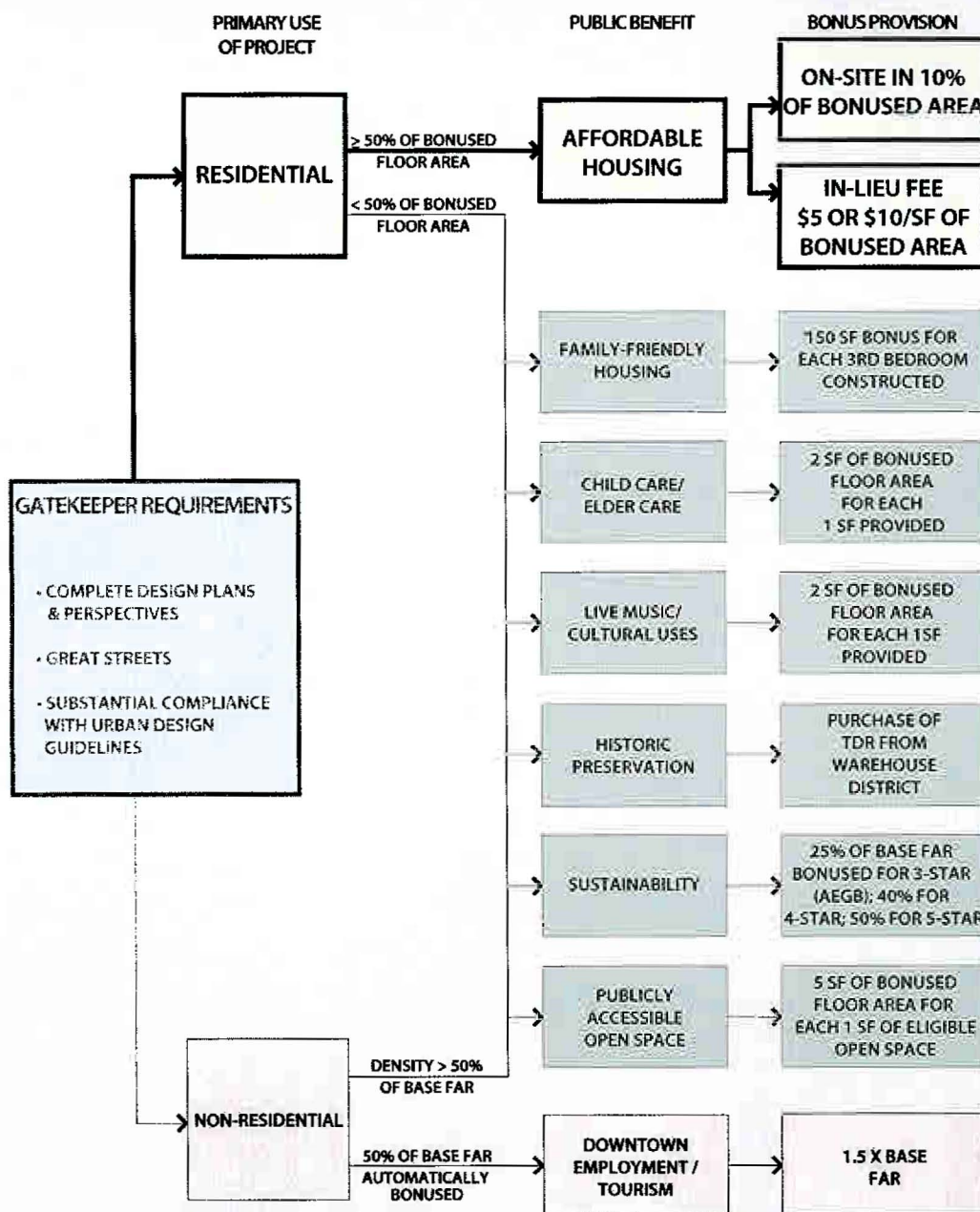


GATEKEEPER REQUIREMENTS

All projects seeking a density bonus must meet three requirements:

- Schematic-Level Design Plans
- Great Streets
- Substantial Compliance with Urban Design Guidelines

Downtown Density Bonus Program



AFFORDABLE HOUSING

Residential projects seeking a density bonus must achieve at least 50% of their bonused floor area by:

- Constructing affordable housing* in 10% of that bonused floor area
- or by
- Paying an in-lieu fee of \$5 or \$10/sf (depending on project location) for the bonused floor area.

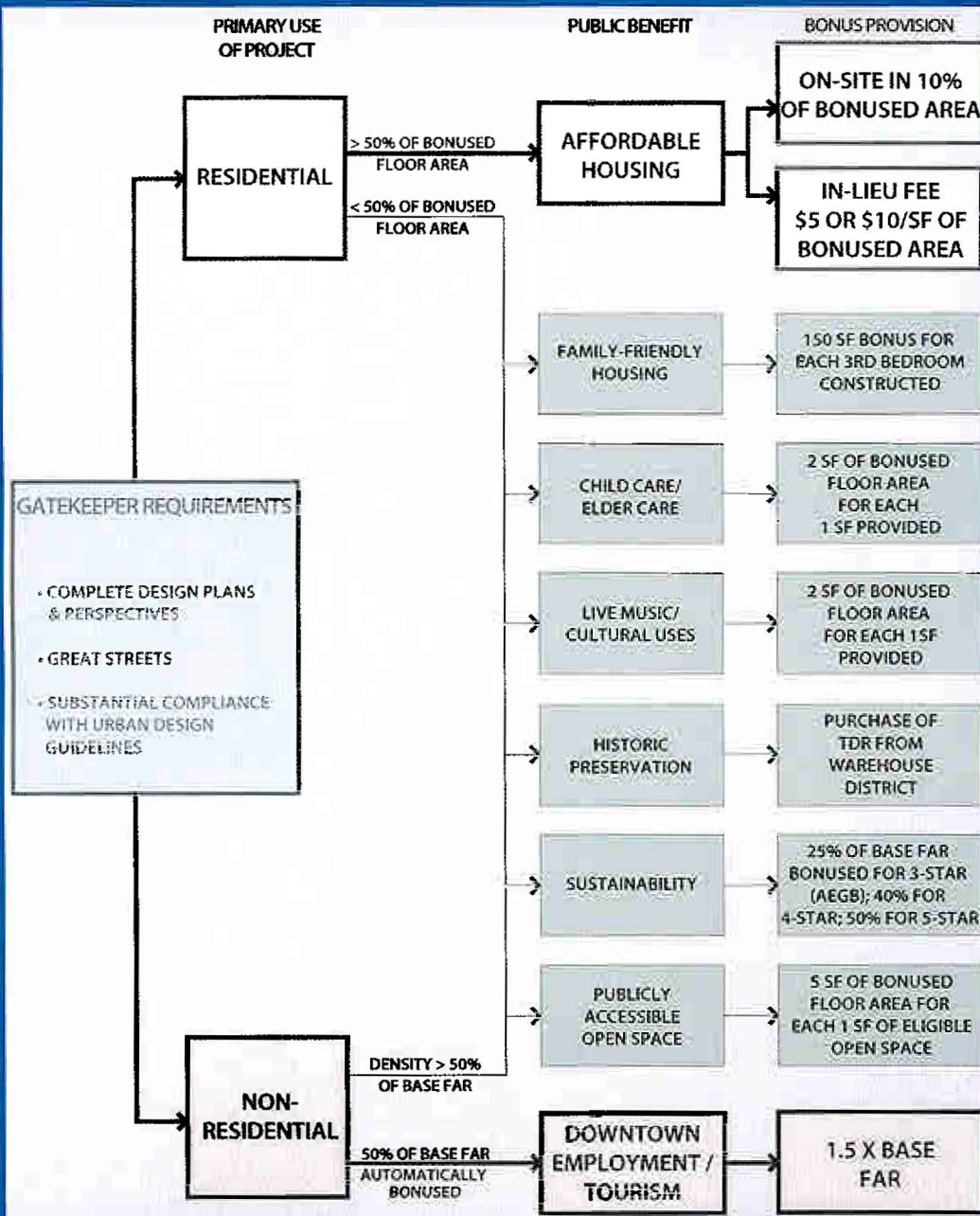
*Owner-Occupied Unit:

Available for a period of 99 years to an occupant with a gross household income not greater than 120% of MFI.

*Rental Unit:

Available for a period of no less than 30 years by an occupant with a gross household income not greater than 80% of MFI.

Downtown Density Bonus Program



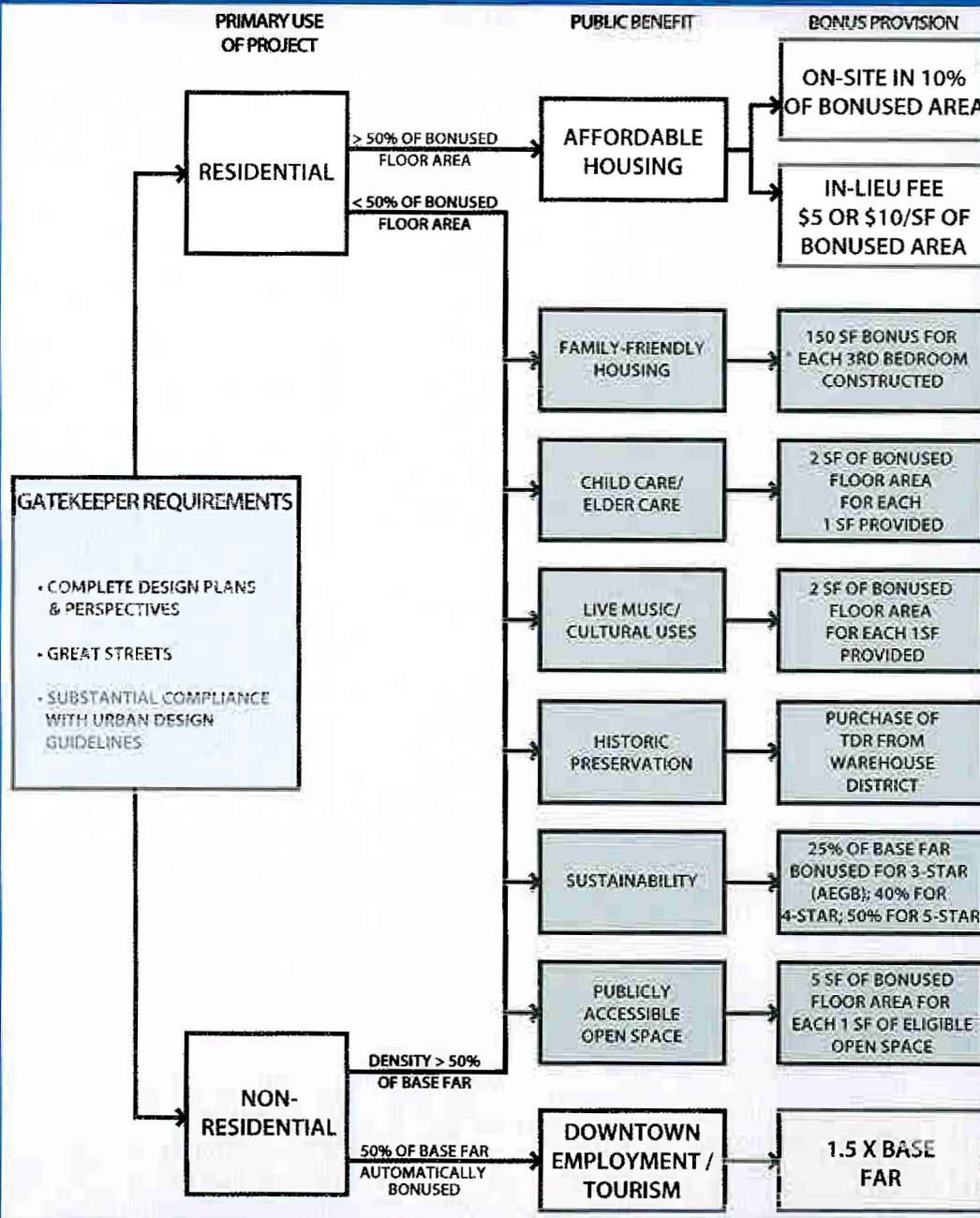
OFFICE AND HOTEL

Any office or hotel development eligible for the density bonus and meeting gatekeeper requirements:

- Will be granted additional floor area up to 50% of the base FAR.
- Additional floor area above 50% of the base FAR can be granted in exchange for the provision of other public benefits.

This is intended to promote Downtown as the principal commercial center and visitor destination in the region.

Downtown Density Bonus Program



OTHER PUBLIC BENEFITS

- Family-friendly housing
- Child care/elder care
- Live music/cultural uses
- Historic preservation
- Sustainability
- Publicly accessible open space

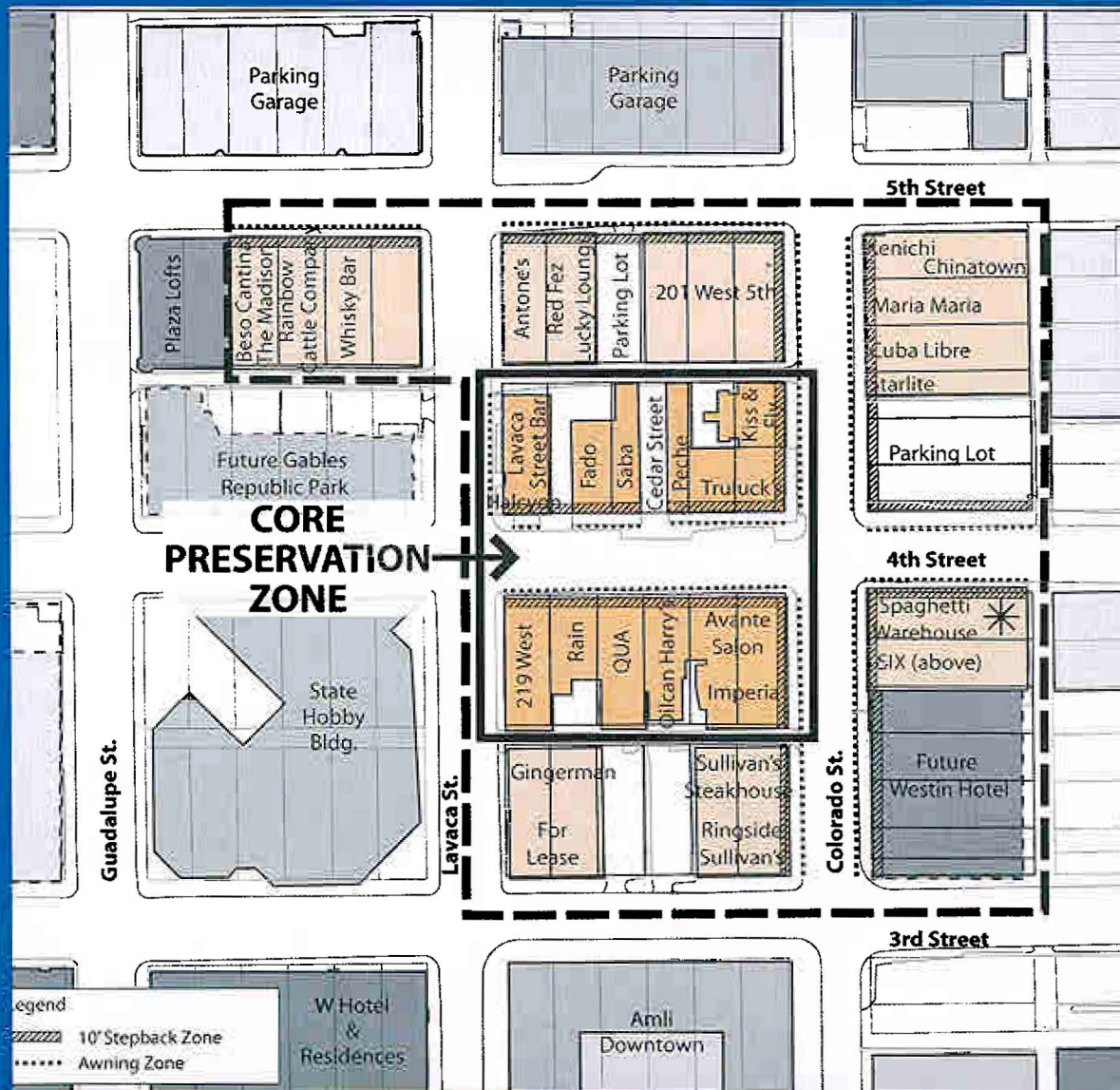
Downtown Density Bonus Program



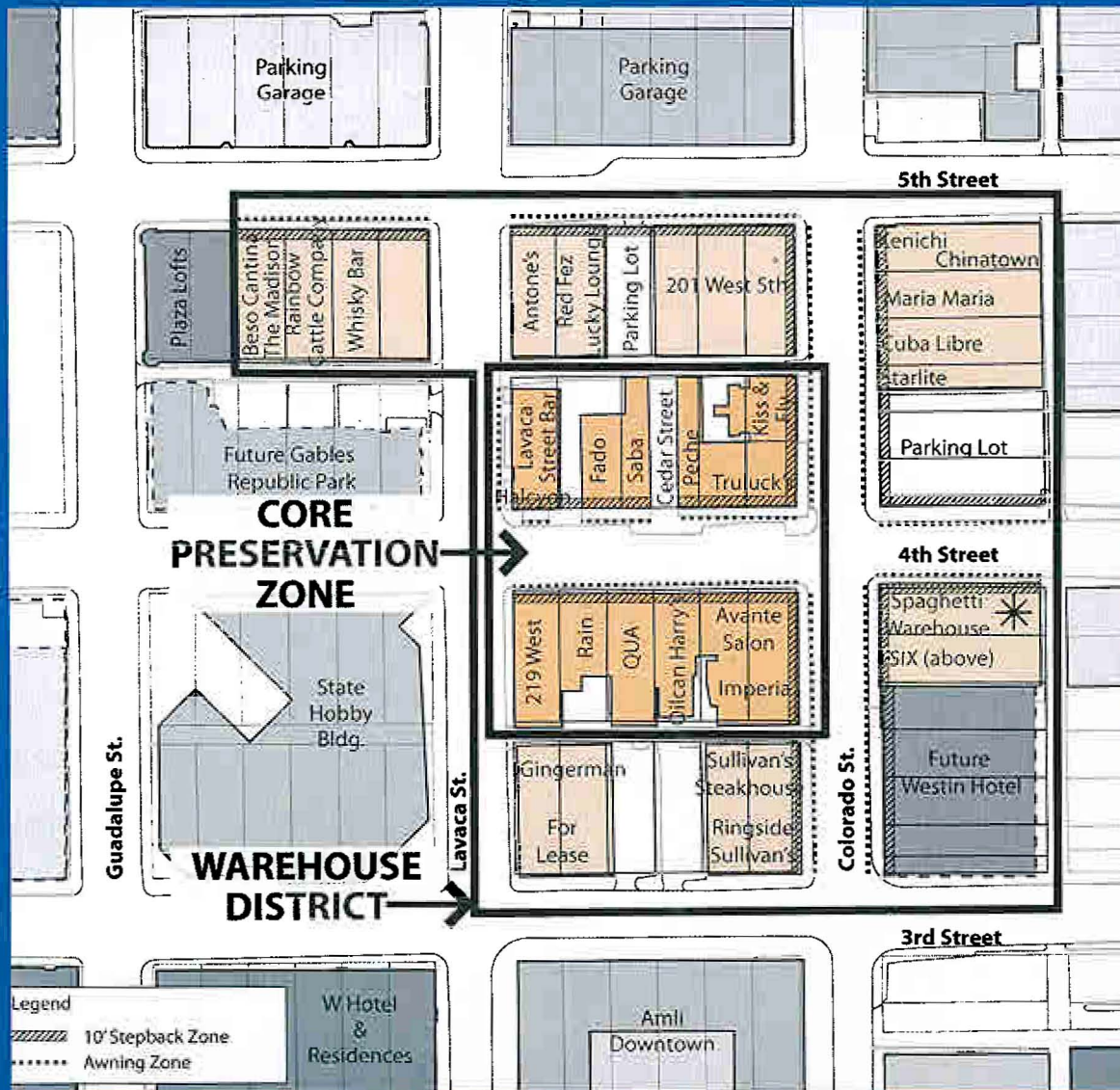
WAREHOUSE DISTRICT PRESERVATION

- A unique restaurant and entertainment district that contributes to the economic vitality and destination appeal of the Downtown.
- The last contiguous concentration of 19th and early 20th century industrial buildings.
- One of the Downtown's most significant live music areas.

Downtown Density Bonus Program



Downtown Density Bonus Program



WAREHOUSE DISTRICT PRESERVATION

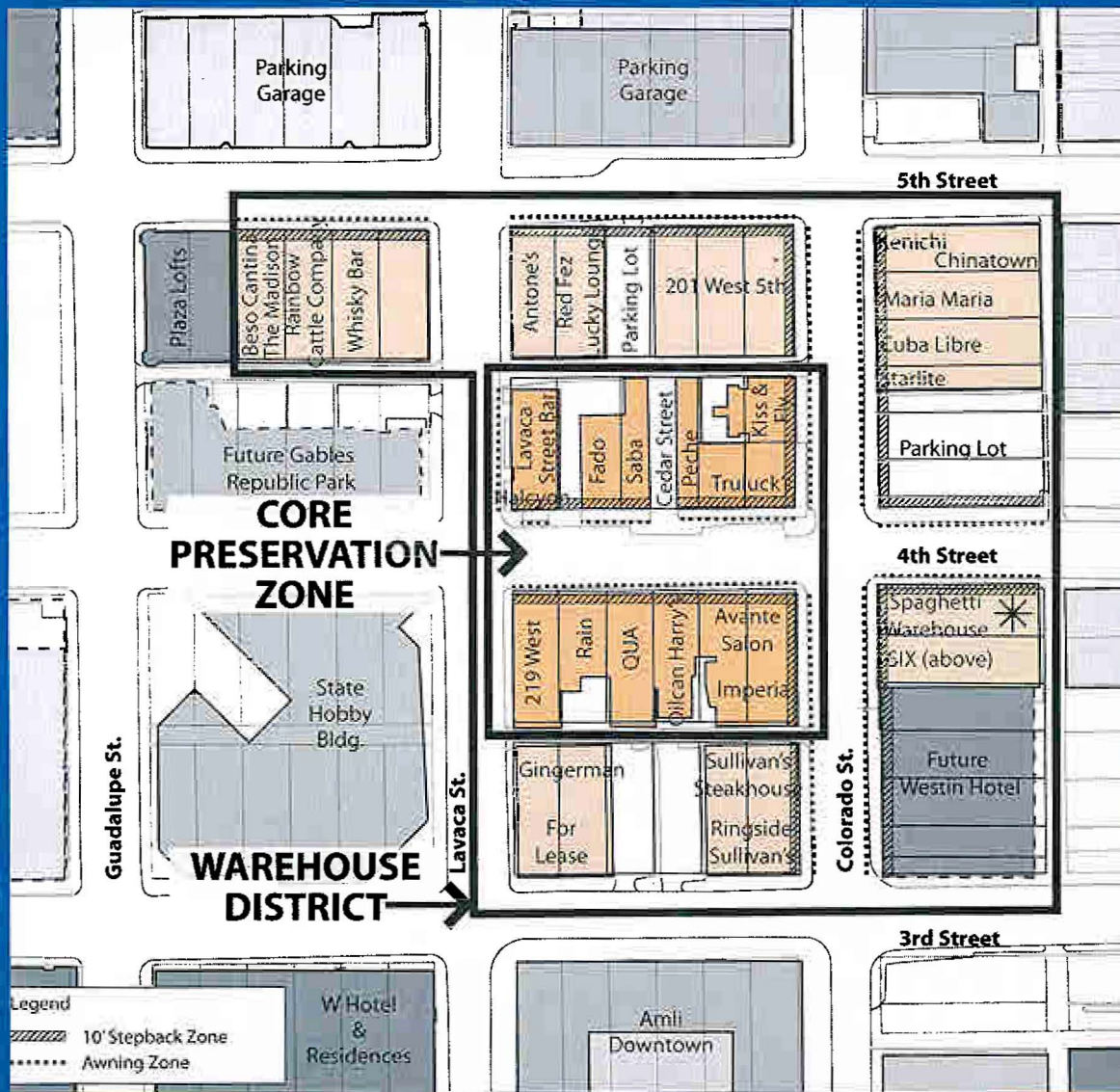
WAREHOUSE DISTRICT ZONE (but outside Core Preservation Zone):

- Can sell unused FAR up to 8:1

-or-

- Participate in Density Bonus Program (up to FAR of 25:1)

Downtown Density Bonus Program



WAREHOUSE DISTRICT PRESERVATION

Any property that sells unused FAR must:

- Pursue "landmark" designation (if more than 50 years old)
- Record (via restrictive covenant) the reduced FAR
- New construction and modifications must comply with design standards

Downtown Density Bonus Program



SECTION AA: PROPOSED WAREHOUSE DISTRICT CORE PRESERVATION ZONE HEIGHT LIMITS



SECTION BB: PROPOSED WAREHOUSE DISTRICT OVERALL DISTRICT STEPBACK REQUIREMENT

WAREHOUSE DISTRICT DESIGN STANDARDS

All new development and modifications to existing development:

- Retain existing elevated sidewalks
- Stepback -- 10' building stepback (at maximum 30' height) for at least 60% of property frontage
- Awnings and Canopies – For minimum of 75% of building frontage
- Curb Cuts – Access to service areas and parking to be from alleys. Curb cuts along street frontages only where no alternative

CONCLUSION

A Density Bonus Program can be one effective tool in promoting fundamental goals of sustainability, affordability and authenticity.

The program will establish a predictable and understandable framework for granting additional density.

The program should be recalibrated on a regular basis (e.g., five years) in response to performance and changing market conditions.

Downtown Austin Plan Affordable Housing Strategy

JULY 23, 2009

AGENDA

CONTEXT

HOUSING DOWNTOWN
CURRENT AFFORDABILITY
HOUSING POLICY CHOICE
POLICIES TODAY

RECOMMENDATIONS

POLICY FRAMEWORK
PROGRAMS
IMPLEMENTATION

Downtown Affordable Housing Strategy

CONTEXT

HOUSING DOWNTOWN
CURRENT AFFORDABILITY
HOUSING POLICY CHOICE
POLICIES TODAY

Downtown Affordable Housing Strategy

AFFORDABLE HOUSING ASPIRATIONS FOR DOWNTOWN

Deeper affordability targets

Long-term affordability requirements

Homeownership opportunities

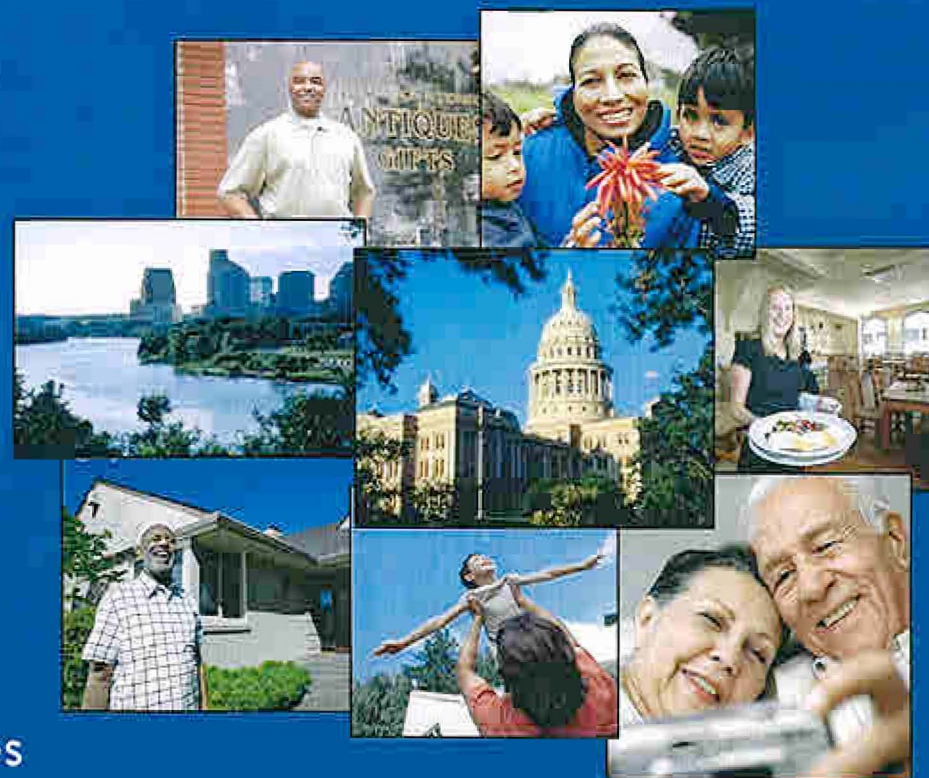
Geographic dispersion of options

Live/work balance

Artist/musician housing

Transitional worker housing

Accessibility and amenities for families



Downtown Affordable Housing Strategy

PROGRESS DOWNTOWN, BUT MANY CHALLENGES REMAIN



CONTEXT

Downtown Affordable Housing Strategy

DOWNTOWN AFFORDABLE HOUSING STRATEGY SUPPORTS OTHER GOALS

Affordable housing is integral to the future of Downtown



Downtown Affordable Housing Strategy

LOW- AND MOD- FAMILIES' OPTIONS MOSTLY NOT DOWNTOWN

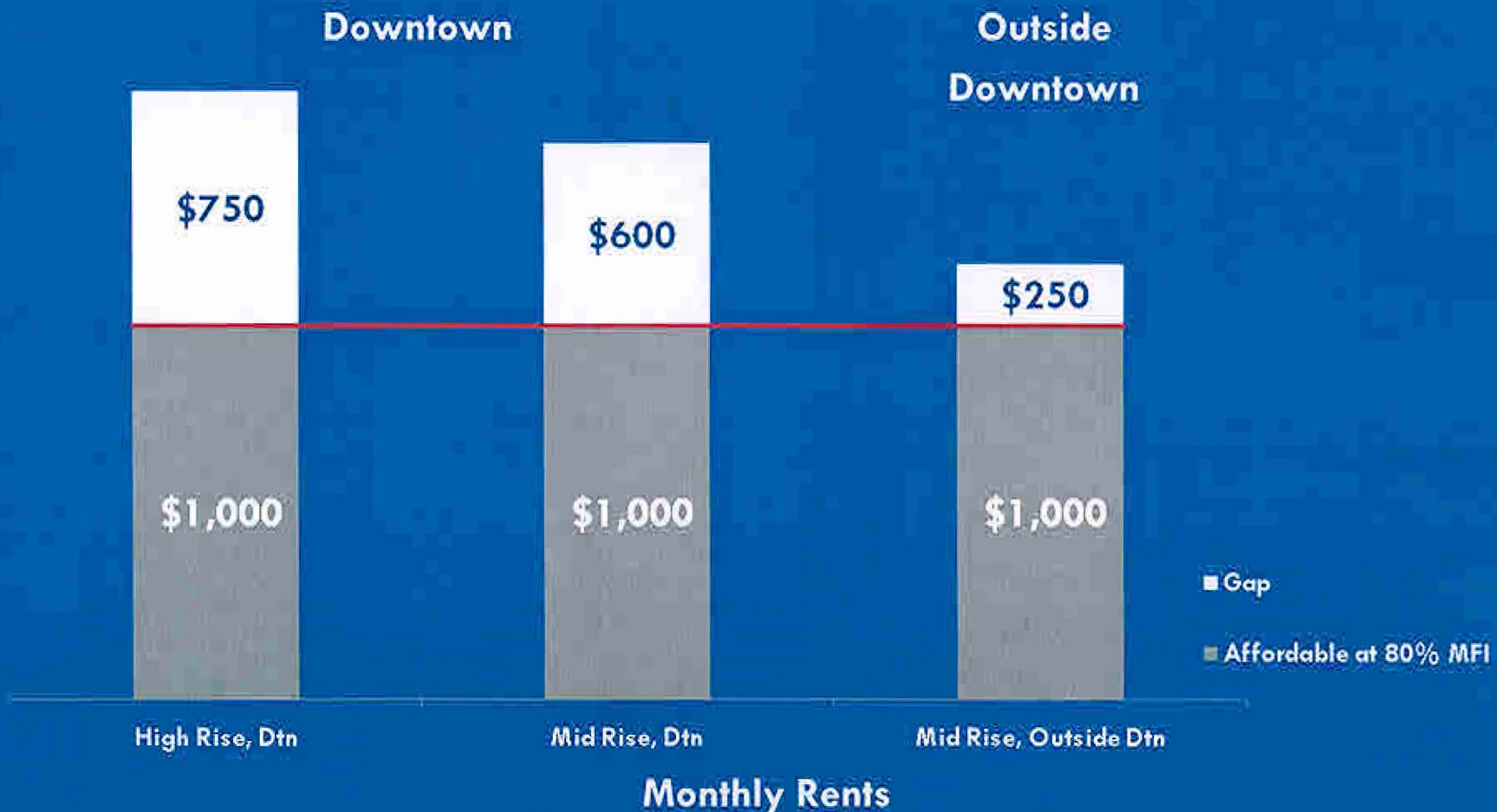


* Based on asking prices for 4 projects in construction

CONTEXT

Downtown Affordable Housing Strategy

RENTAL OPTIONS ALSO LIMITED



* Based on asking prices for hypothetical 1,000 SF unit in existing developments; MFI calculation based on 2-person household.

Downtown Affordable Housing Strategy

CITYWIDE, GAP FOR WORKFORCE HOUSING, ESPECIALLY RENTAL

Moderate-Income Housing (60-80% MFI)

- Surplus of both rental and ownership units
- Net surplus of nearly 40,000 units

Workforce Housing (80-120% MFI)

- Gap of nearly 15,000 rental units
- Nearly 13,000 unit surplus of ownership units
- Net gap of more than 2,000 units

Source: Preliminary findings of Affordable Housing Market Study, BBC Research, March 2009.

Downtown Affordable Housing Strategy

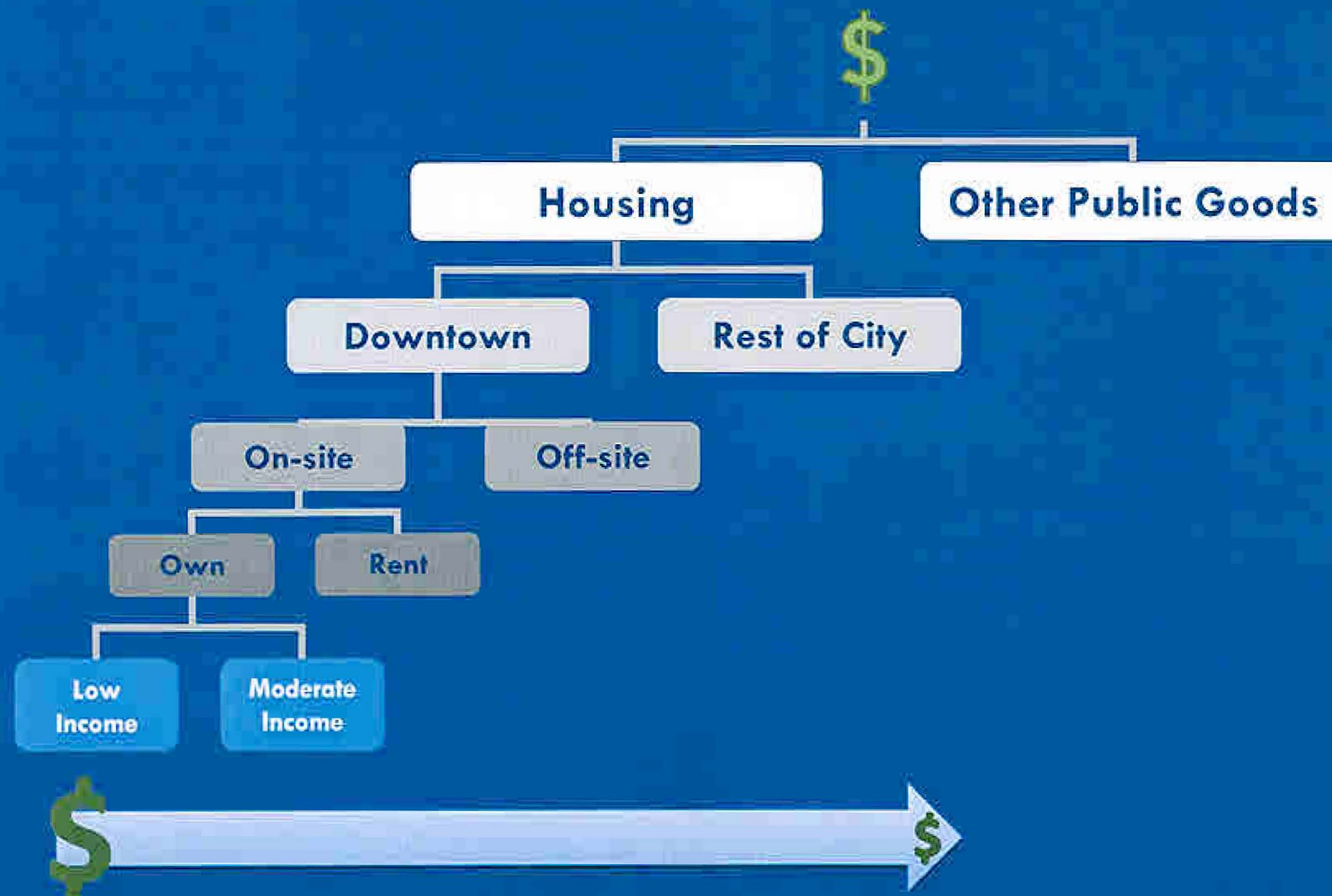
DOWNTOWN BECOMING LESS DIVERSE

Median Household Income



Downtown Affordable Housing Strategy

CITY MUST ALLOCATE SCARCE RESOURCES

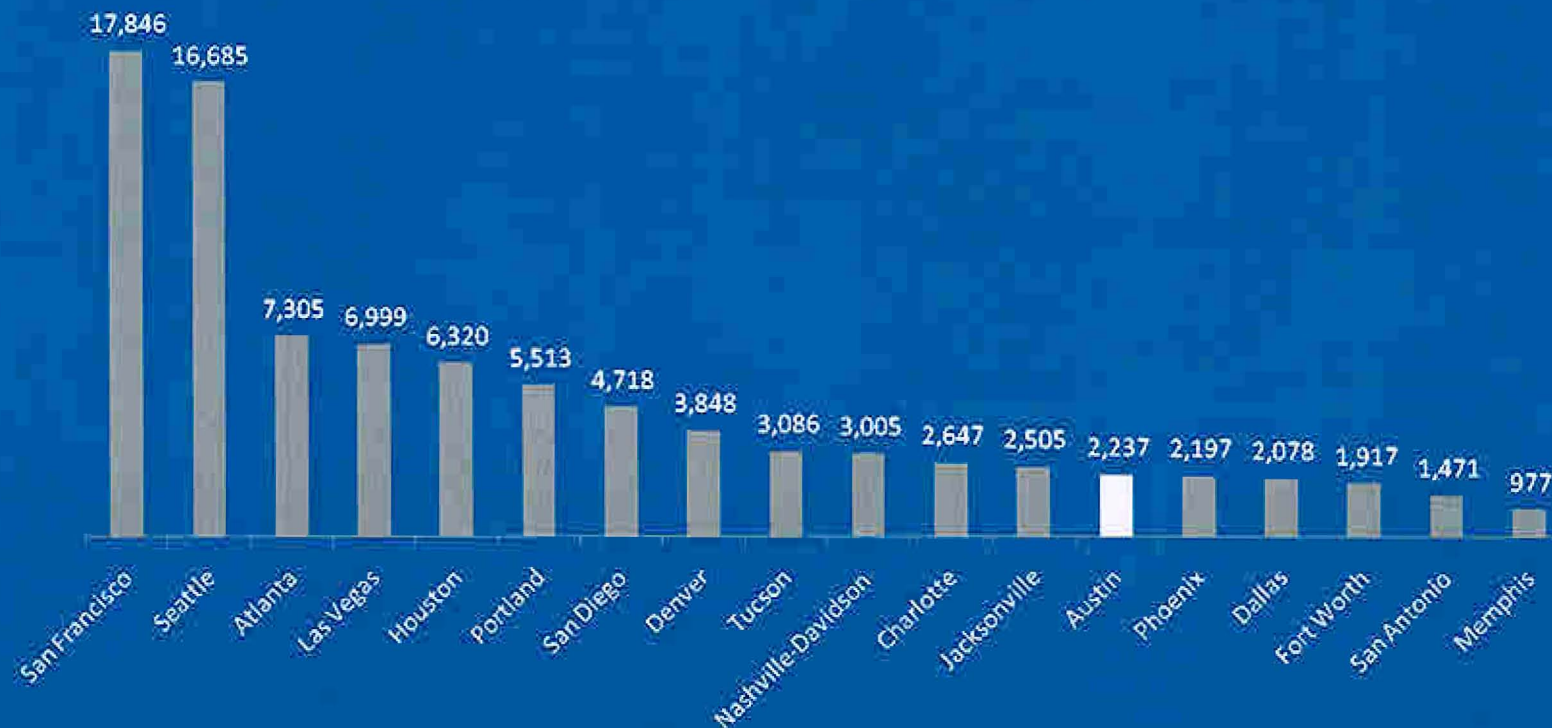


CONTEXT

Downtown Affordable Housing Strategy

DOWNTOWN DENSITY BELOW COMPARABLE CITIES;
CAUTION IS WARRANTED AT THIS STAGE OF AUSTIN'S
GROWTH

Downtown Population per Square Mile



Source: 2000 Census data.

CONTEXT

Downtown Affordable Housing Strategy

CREATING UNITS IN DOWNTOWN CBD IS COSTLY

Required Public Subsidy by Building Type (per unit)



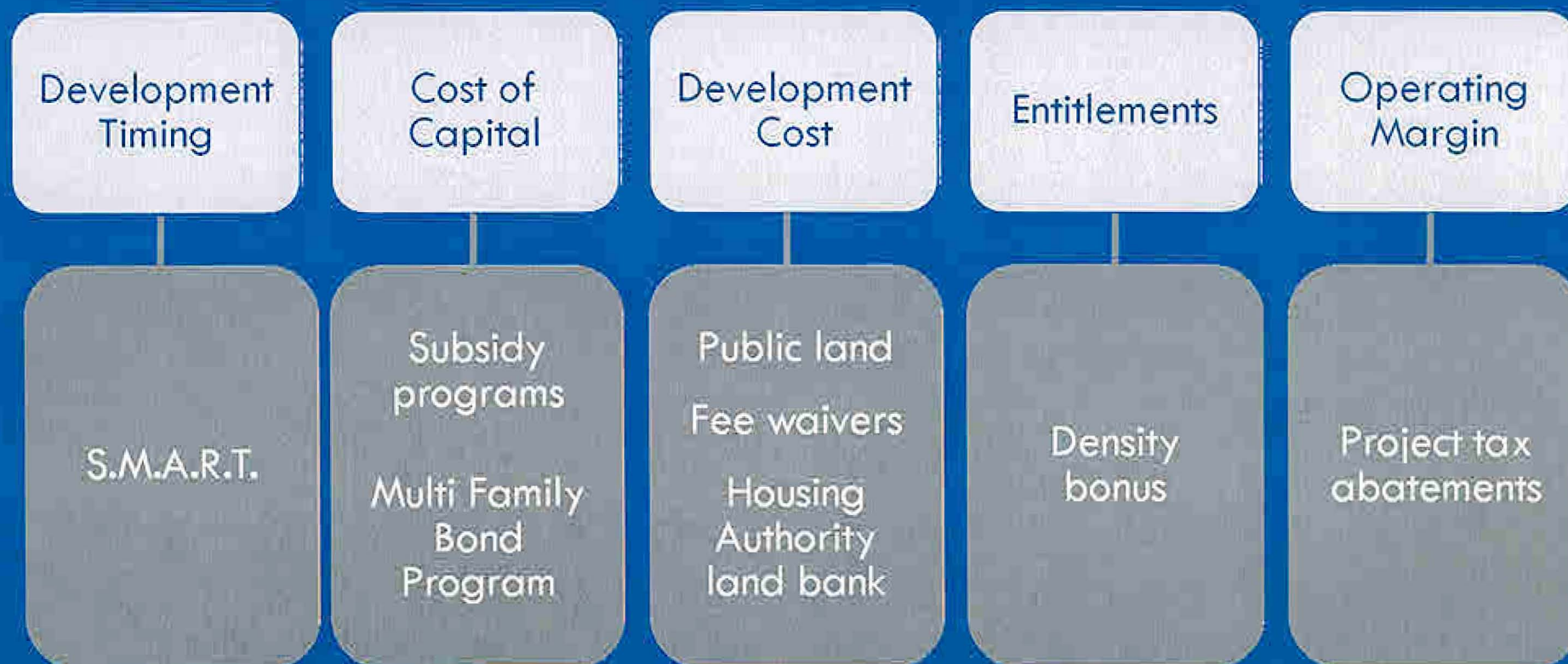
DENSITY BONUS PROGRAM ALONE CANNOT ACHIEVE HOUSING GOALS

Can only create ~300 units over 15-20 years with bonus fee proceeds.

Could fill up to 20% of Downtown workforce housing goals if dedicated to affordable housing alone.

Downtown Affordable Housing Strategy

CURRENT POLICIES HAVE YIELDED LIMITED RESULTS DOWNTOWN



Downtown Affordable Housing Strategy

RECOMMENDATIONS
POLICY FRAMEWORK

Downtown Affordable Housing Strategy

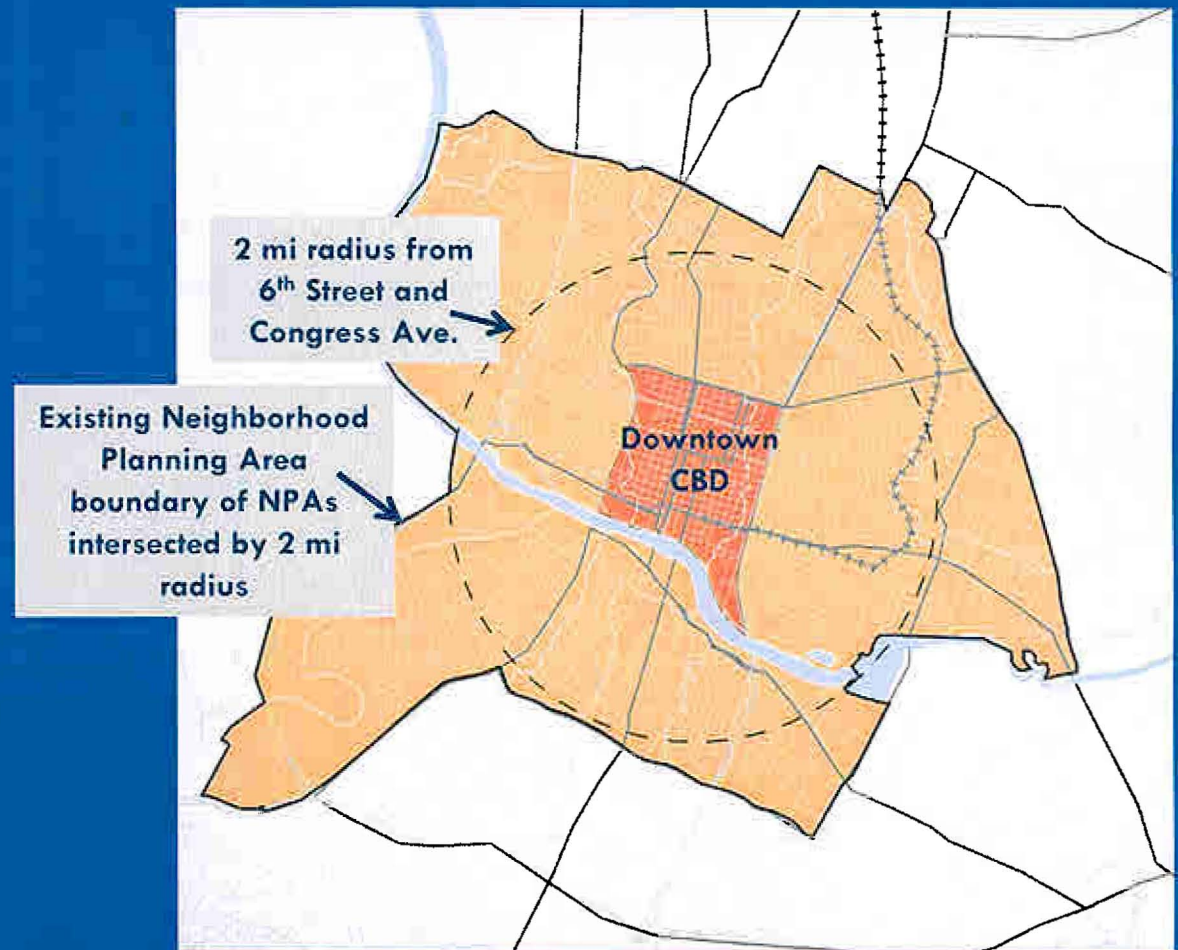
GEOGRAPHIC FOCUS

Downtown CBD

- **Workforce Housing** – 1,400 units
(80-120% MFI)
- **Supportive Housing** – 170 units

Housing Fee Investment Area

- **Low- and Moderate-Income
Housing**
(60-80% MFI)



POLICY FRAMEWORK

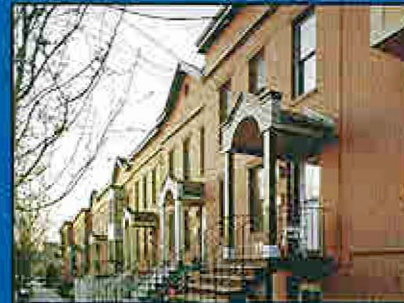
Downtown Affordable Housing Strategy

HOUSING POLICY SHOULD SUPPORT RANGE OF HOUSING TYPES

**SINGLE ROOM
OCCUPANCY
HOTEL**
368 du/ac



**TOWNHOUSE/
FLAT WALK-UPS**
37 du/ac



**SUPPORTIVE
HOUSING**
260 du/ac



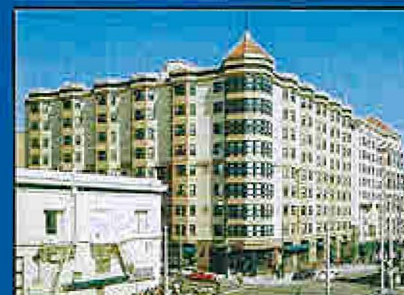
**MID-RISE
APARTMENTS**
60 to 150 DU/AC



**LIVE-WORK
LOFTS**
87 du/ac



**HIGH-RISE
APARTMENTS**
200 DU/AC



Downtown Affordable Housing Strategy

HOUSING POLICY SHOULD ADDRESS NEEDS OF SPECIAL POPULATIONS

Homeless

Elderly

Population with HIV/AIDS

Artists/musicians

Source: NCHD 2004-2009 Consolidated Plan

POLICY FRAMEWORK

Downtown Affordable Housing Strategy

RECOMMENDATIONS
PROGRAMS

Downtown Affordable Housing Strategy

LAY POLICY FOUNDATIONS FOR LONG-TERM GAINS



ENACT POLICIES
SET TARGETS
PRIORITIZE

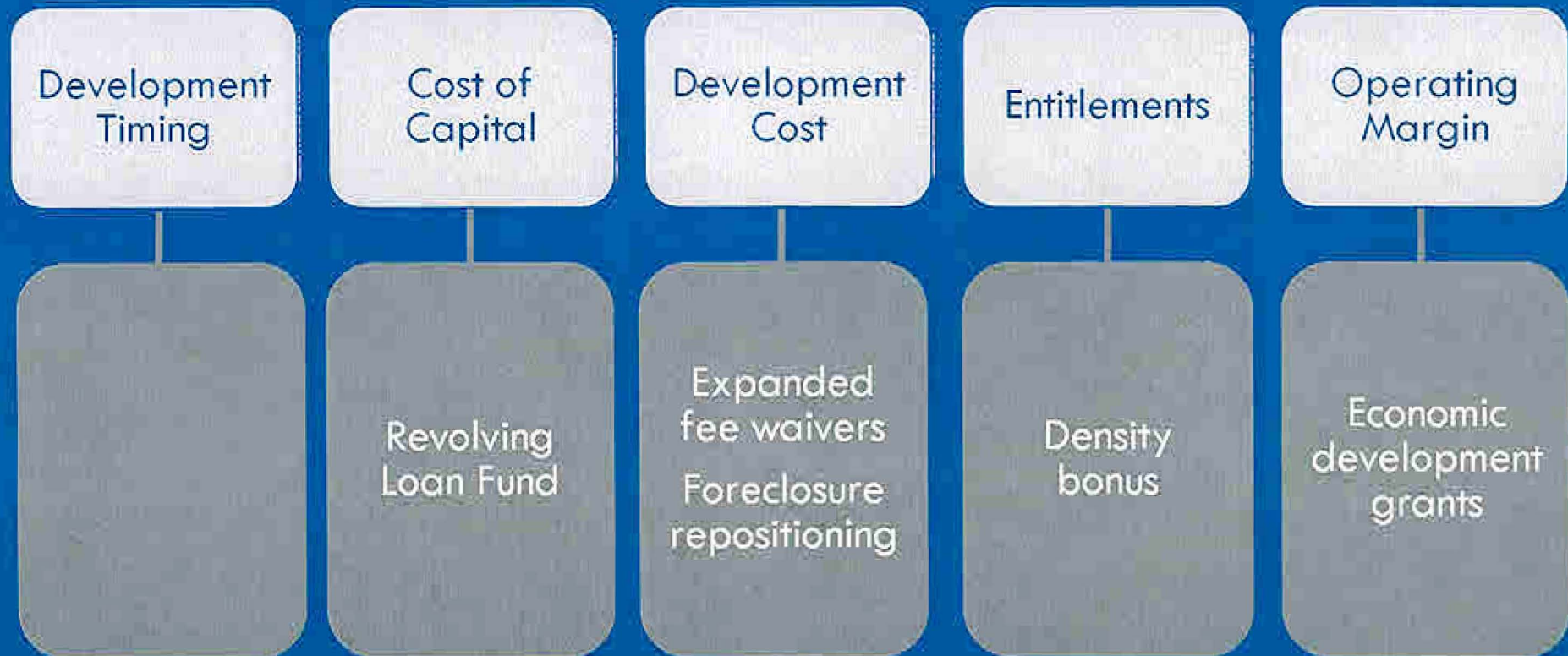
Increased land
scarcity / value



REAP BENEFITS FOR
AFFORDABILITY
GOALS

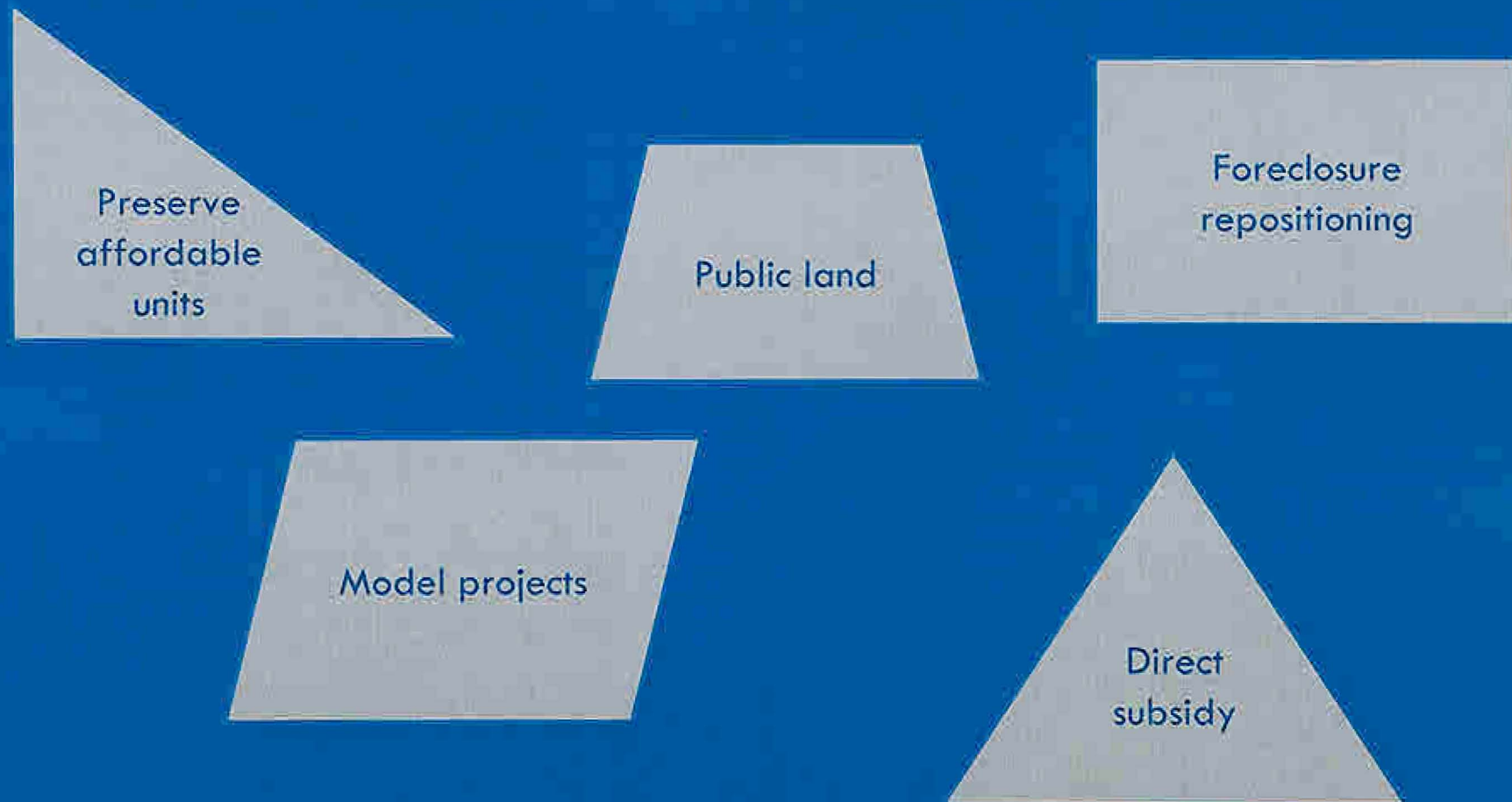
Downtown Affordable Housing Strategy

RECOMMENDED LONG-TERM POLICIES FILL IN GAPS, CREATE SYSTEM



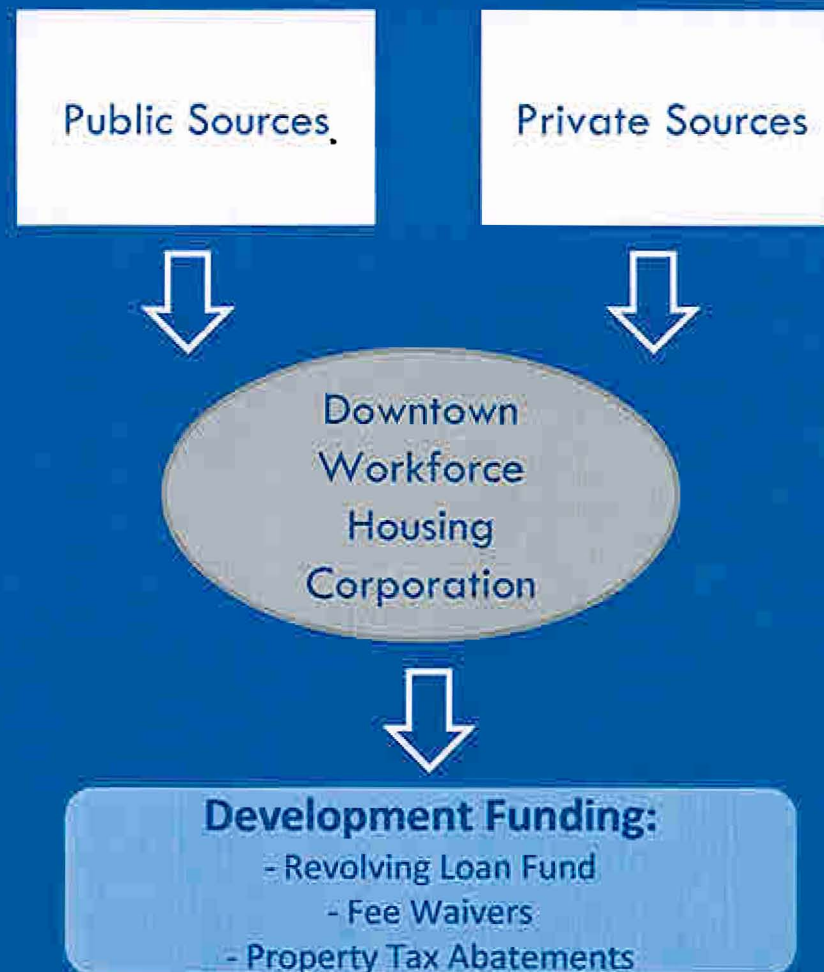
Downtown Affordable Housing Strategy

SHORT-TERM: CAPTURE OPPORTUNITIES



Downtown Affordable Housing Strategy

LONG-TERM: BUILD SYSTEM



Downtown Affordable Housing Strategy

RECOMMENDATIONS
IMPLEMENTATION

Downtown Affordable Housing Strategy

MEETING TARGETS IN DOWNTOWN CBD REQUIRES FILLING SUBSTANTIAL GAPS

	Number of units	Subsidy per unit	Total subsidy
120% Ownership	720	\$90,000	\$65 million
80% Rental	720	\$150,000	\$110 million
Supportive Housing	160	\$200,000	\$34 million
DOWNTOWN TOTAL	~1,600	\$210 million	

Downtown Affordable Housing Strategy

MEETING TARGETS IN HOUSING FEE INVESTMENT AREA
REQUIRES FILLING SUBSTANTIAL GAPS

	Subsidy per unit
80% Ownership	\$60,000
60% Rental	\$125,000

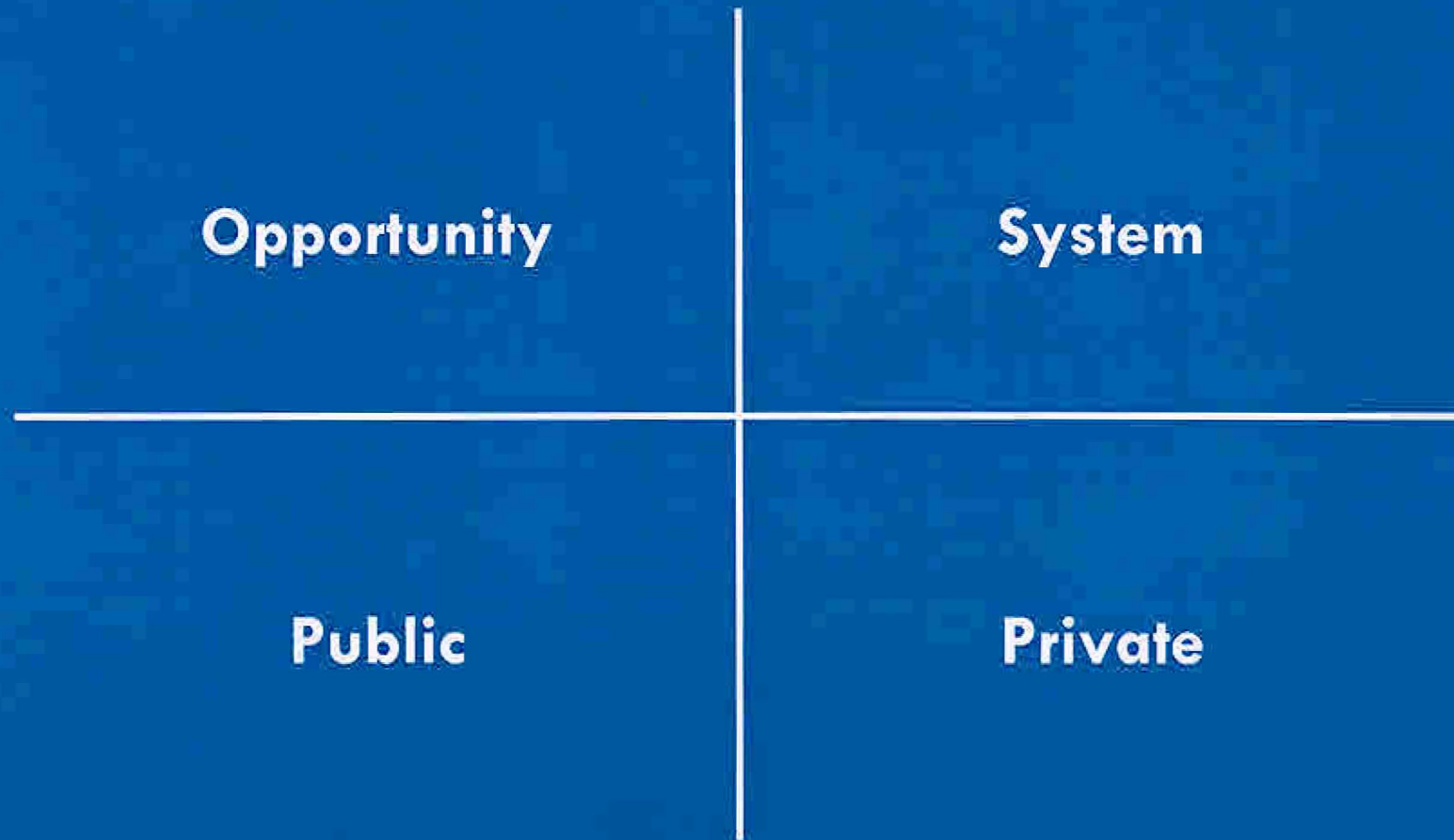
Downtown Affordable Housing Strategy

PUBLIC & PRIVATE SOURCES CAN FUND NEW PROGRAMS,
LONG-TERM



Downtown Affordable Housing Strategy

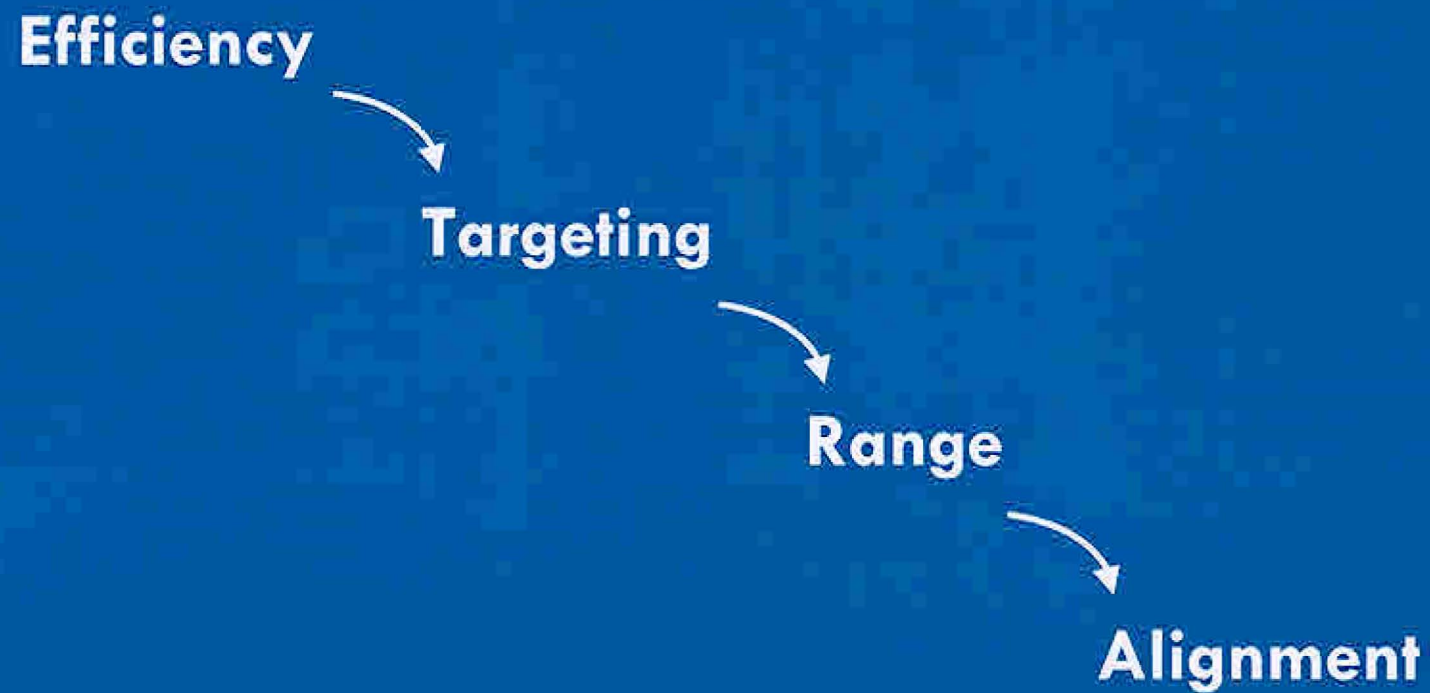
CONCLUSION



CONCLUSION

Downtown Affordable Housing Strategy

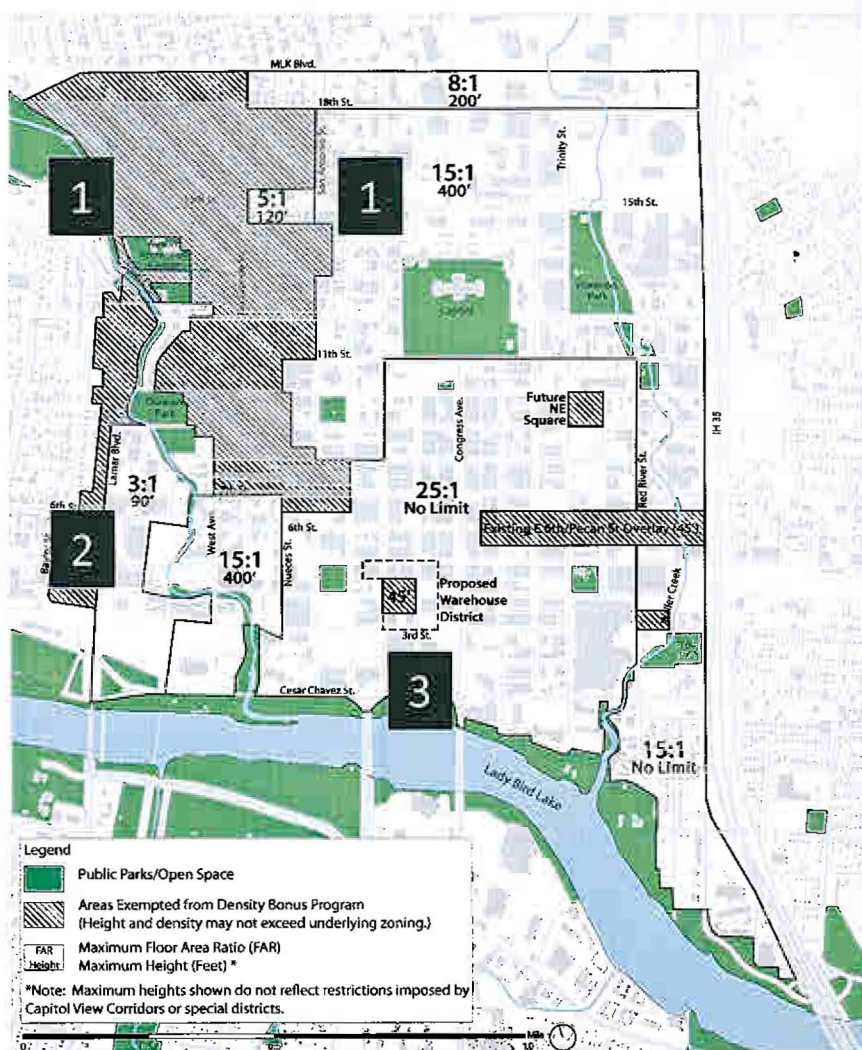
CONCLUSION



CONCLUSION

Summary of Community Input

Areas of Participation/Maximum Heights and Densities



DRAFT
PROPOSED DENSITY BONUS PROGRAM: MAXIMUM DENSITIES AND HEIGHTS
Downtown Austin Plan

Prepared by ROMA Austin for the City of Austin
Revised: July 22, 2009

*Note: In case of underlying (base) zoning ordinances exceeding the maximum density or height shown on this map, the base zoning ordinances govern.

1. Judge's Hill:
 - Area to the west not eligible
 - Concerns about eastern boundary
2. Lower Shoal Creek/Market:
 - Concerns about too much height/density
 - Concerns about too little height/density
3. Warehouse District:
 - Will cover separately
4. Compatibility:
 - Will cover separately

Summary of Community Input

Warehouse District



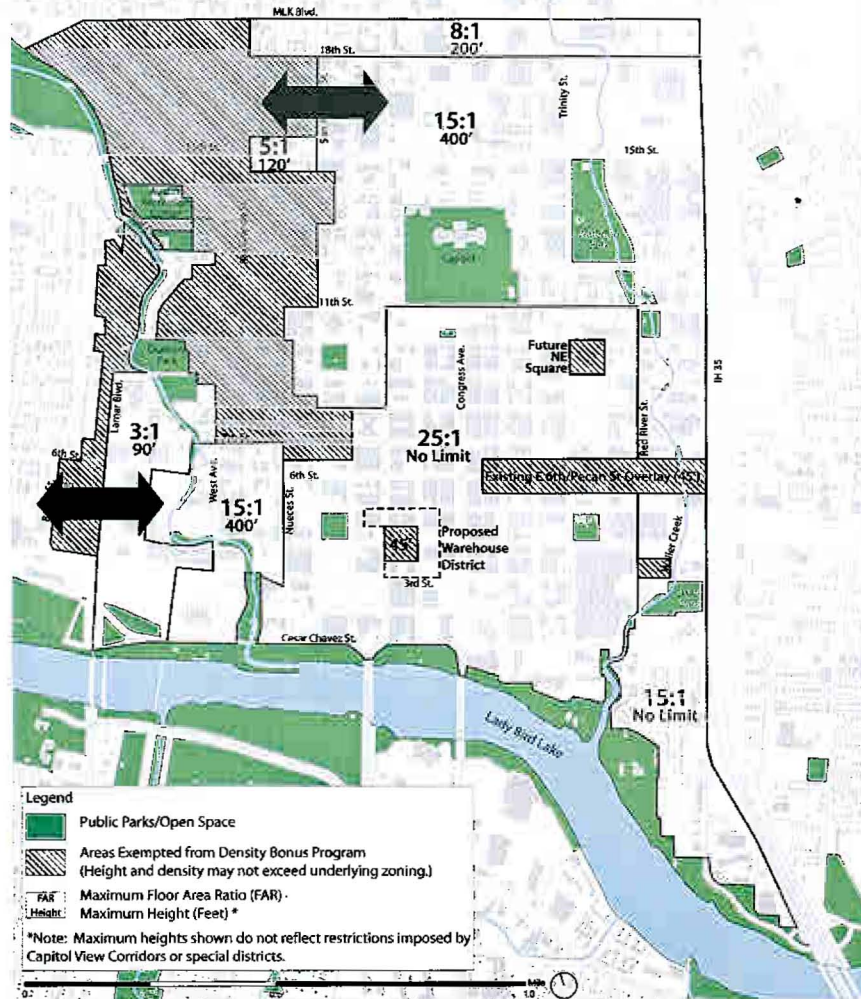
Wide array of opinions on whether should be protected or not.

Methodology for protecting:

- Restricting height.
- What is the right area to protect? How much is enough?
- Will the availability of TDRs be sufficient to actually protect?
- What is the true value of the TDRs?

Summary of Community Input

Compatibility



DRAFT
PROPOSED DENSITY BONUS PROGRAM: MAXIMUM DENSITIES AND HEIGHTS
Downtown Austin Plan

Prepared by ROMA Austin for the City of Austin
Revised July 22, 2009

*Note: In case of underlying (base) zoning ordinances exceeding the maximum density or height shown on this map, the base zoning ordinances govern.

Issue – Relationship between development in areas eligible for additional density and residential parcels nearby.

This report recommends no changes to compatibility standards.

But, compatibility is an issue we are considering in Phase 2 DAP work, to address the question: Should there be a special form of compatibility standards for Downtown?

Concern – Should we finalize the Density Bonus Program prior to resolving how compatibility will be handled Downtown?

Summary of Community Input

Affordable Housing Fee Investment Area

Concerns:

- Objection to spending \$ generated Downtown outside Downtown.
- More than “fair share” of affordable housing?
- What about Neighborhood Plans and existing zoning?

Response:

- Note: Already part of the existing Interim Downtown Density Bonus Ordinance.
- Rationale for spending Downtown \$ outside Downtown:
 - More bang for the buck.
 - Accessibility to Downtown via transit.
- Propose no more than “fair share” in central neighborhoods.
- Propose no changes to Neighborhood Plans or existing zoning.

Summary of Community Input

Levels of Affordability

Concern:

- Should achieve deeper levels of affordability Downtown.

Response:

- Recommend targeting Downtown affordable housing \$ to:
 - Supportive Housing.
 - Workforce Housing.

Though not to the exclusion of opportunities for deeper levels of Downtown affordable housing.

Next Steps

- August 20, 2009 – Presentation of a Downtown compatibility “concept” and Council action on Density Bonus Program.
- Winter/Spring 2010 – Prepare draft density bonus ordinance and a Downtown-specific compatibility proposal, with public review and input, and presentations to boards and commissions.
- 2010 -- Potential City Council action to adopt density bonus and compatibility ordinances at same time.